## MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

## **ECONOMIC HIGHLIGHTS**



Motor vehicle sales fell 12.4% between August and September but were still 0.7% above the year-ago level. September sales of domestic automobiles were down 15.6% from August and 4.9% below the September 2001 level. Imported automobile sales rose 9.7% in September and were 18.5% above the level one year ago. September light truck sales declined for both domestic and foreign models, at 17.3% and 1.8%, respectively, and were essentially unchanged from the level last year. Heavy truck sales were 8.1% above the year-ago level.

## **United States**

- Retail sales fell 1.2% in September but were still 5.7% above the level one year ago. Almost
  all of the decline was in the motor vehicles and parts category, although almost every major
  category posted at least a small decline from August. Only building materials; health and
  personal care; and sporting goods, hobby, book and music stores showed increases in
  September.
- The unemployment rate remained at 5.7% in September and was above the 5.0% year-ago rate. Employment increased by 711,000 jobs in September, after rising by 429,000 jobs in August. As a result, employment was 181,000 jobs higher than one year ago. The unemployment rate remained steady despite the new jobs and a 50,000-person decline in the ranks of the unemployed, primarily because 239,000 individuals left the labor force.
- Housing starts rose 13.3% between August and September and were 16.5% above the yearago level. The growth occurred in all regions of the country, and with the exception of the Northeast region, primarily reflected starts of single-family homes.



Michigan

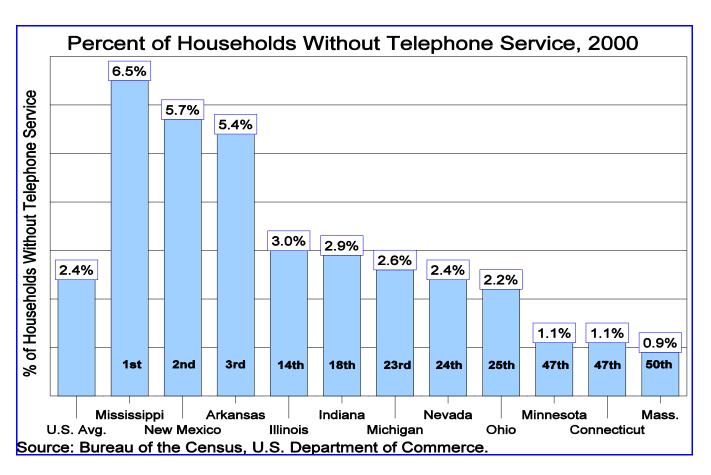
- Average weekly earnings in Michigan rose in most sectors during September, with earnings
  in the motor vehicle and equipment manufacturing sector rising the most with a 13.4%
  increase from the year-ago level. The only sectors showing declines in average weekly
  earnings were the mining, business services, food stores, and nondurable goods
  manufacturing sectors. Generally, higher average weekly hours drove up average weekly
  earnings, with average weekly hours in the motor vehicle and equipment manufacturing sector
  up 8.0% from the year-ago level.
- Michigan motor vehicle production remained essentially flat in September, falling only 0.7% from August, and was 22.9% above the year-ago level. Nationally, motor vehicle production fell 6.8% between August and September and was only 7.6% above September 2001. Production of automobiles in Michigan fell 7.2% in September, compared with the August production level, which was up 8.7%. Compared with one year ago, Michigan automobile production was 12.7% higher and truck production 38.4% higher.
- Wage and salary employment in Michigan rose by approximately 8,000 jobs in September, the largest seasonally adjusted increase in a single month since February 2001 and only the fourth increase since October 2000. However, wage and salary employment was still 27,000 jobs below the year-ago level and was 154,000 jobs below the June 2000 peak. Nearly all of the gains in September's employment figures were in the services sector.



Prepared by: David Zin Economist



| U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands) |         |         |         |                  |          |                     |           |  |  |  |
|--|---------|---------|---------|------------------|----------|---------------------|-----------|--|--|--|
|  | Sept.   | Aug.    | Sept.   | Change From Aug. |          | Change From Year Ag |           |  |  |  |
| U.S.   | 2002    | 2002    | 2001    | Number           | Percent  | Number              | Percent   |  |  |  |
| Labor Force  | 142,377 | 142,616 | 142,068 | (239)            | (0.2)%   | 309                 | 0.2%      |  |  |  |
| Employment   | 135,185 | 134,474 | 135,004 | 711              | 0.5      | 181                 | 0.1       |  |  |  |
| Unemployment   | 8,092   | 8,142   | 7,064   | (50)             | (0.6)    | 1,028               | 14.6      |  |  |  |
| Unemployment Rate  | 5.7%    | 5.7%    | 5.0%    |                  |          |                     |           |  |  |  |
|  | Sept.   | Aug.    | Sept.   | Change F         | rom Aug. | Change Fro          | m Year Ag |  |  |  |
| Michigan   | 2002    | 2002    | 2001    | Number           | Percent  | Number              | Percent   |  |  |  |
| Labor Force  | 5,144   | 5,155   | 5,166   | (11)             | (0.2)%   | (22)                | (0.4)     |  |  |  |
| Employment   | 4,846   | 4,833   | 4,880   | 13               | 0.3      | (34)                | (0.7)     |  |  |  |
| Unemployment   | 298     | 322     | 286     | (24)             | (7.5)    | 12                  | 4.3       |  |  |  |
| Unemployment Rate  | 5.8%    | 6.2%    | 5.5%    |                  |          |                     |           |  |  |  |





| MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands) |                |                     |                             |            |      |      |           |  |  |
|--|----------------|---------------------|-----------------------------|------------|------|------|-----------|--|--|
|  | Sept.<br>2002* | Change fr<br>Number | e from Yr Ago<br>er Percent |            |      |      |           |  |  |
| Nage and Salary Employment   | 4,545          | 4,537               | 4,572                       | 8          | 0%   | (27) | (1)%      |  |  |
| Goods-Producing Industries   | 1,113          | 1,112               | 1,125                       | 1          | 0    | (12) | (1)       |  |  |
| Mining   | 8              | 8                   | 8                           | 0          | 0    | 0    | 0         |  |  |
| Construction   | 199            | 199                 | 200                         | 0          | 0    | (1)  | (1)       |  |  |
| Manufacturing  | 906            | 905                 | 917                         | 1          | 0    | (11) | (1)       |  |  |
| Durable Goods  | 685            | 685                 | 696                         | 0          | 0    | (11) | (2)       |  |  |
| Motor Vehicles & Equipment   | 267            | 266                 | 258                         | 1          | 0    | 9    | 3         |  |  |
| Nondurable Goods   | 221            | 221                 | 220                         | 0          | 0    | 1    | 0         |  |  |
| Service-Producing Industries   | 3,432          | 3,425               | 3,447                       | 7          | 0    | (15) | (O)       |  |  |
| Trans., Comm. & Utilities  | 178            | 179                 | 181                         | (1)        | (1)  | (3)  | (2)       |  |  |
| Wholesale Trade  | 216            | 216                 | 219                         | 0          | 0    | (3)  | (1)       |  |  |
| Retail Trade   | 831            | 833                 | 851                         | (2)        | (O)  | (20) | (2)       |  |  |
| Finance, Insurance & Real Estate                                     | 212            | 211                 | 210                         | 1          | 0    | 2    | 1         |  |  |
| Services   | 1,295          | 1,288               | 1,298                       | 7          | 1    | (3)  | (O)       |  |  |
| Government   | 700            | 697                 | 688                         | 3          | 0    | 12   | 2         |  |  |
| Source: Michigan Department of                                       | Career Develo  | nment - En          | anloyment                   | Service Ac | ency | *    | Prelimina |  |  |

| MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations) |               |              |                   |               |                         |                   |  |  |  |
|---|---------------|--------------|-------------------|---------------|-------------------------|-------------------|--|--|--|
|   | Avera         | age Weekly I | Hours             | Average       | Average Weekly Earnings |                   |  |  |  |
| Industry  | Sept.<br>2002 | Year<br>Ago  | Percent<br>Change | Sept.<br>2002 | Year<br>Ago             | Percent<br>Change |  |  |  |
| Mining  | 44.7          | 46.0         | (2.8)%            | \$770.63      | \$799.02                | (3.6)%            |  |  |  |
| Construction  | 40.0          | 39.4         | 1.5               | 885.20        | 867.59                  | 2.0               |  |  |  |
| Manufacturing   | 43.3          | 42.0         | 3.1               | 886.35        | 835.80                  | 6.0               |  |  |  |
| Durable Goods   | 44.2          | 42.3         | 4.5               | 965.33        | 895.91                  | 7.7               |  |  |  |
| Motor Vehicles & Equipment  | 47.2          | 43.7         | 8.0               | 1,331.51      | 1,174.66                | 13.4              |  |  |  |
| Nondurable Goods  | 40.3          | 41.0         | (1.7)             | 624.25        | 634.27                  | (1.6)             |  |  |  |
| Wholesale Trade   | 38.6          | 38.7         | (0.3)             | 661.60        | 654.42                  | 1.1               |  |  |  |
| Selected Retail Trade:  |               |              |                   |               |                         |                   |  |  |  |
| General Merchandise Stores  | 29.6          | 27.9         | 6.1               | 309.02        | 290.44                  | 6.4               |  |  |  |
| Department Stores   | 29.2          | 27.2         | 7.4               | 305.14        | 283.42                  | 7.7               |  |  |  |
| Food Stores   | 26.3          | 27.4         | (4.0)             | 244.59        | 255.64                  | (4.3)             |  |  |  |
| Auto Dealers & Service Stations   | 34.4          | 33.9         | 1.5               | 460.96        | 428.16                  | 7.7               |  |  |  |
| Selected Services:  |               |              |                   |               |                         |                   |  |  |  |
| Depository Institutions   | 35.2          | 35.2         | 0.0               | 425.57        | 414.30                  | 2.7               |  |  |  |
| Business Services   | 34.5          | 34.0         | 1.5               | 554.07        | 562.36                  | (1.5)             |  |  |  |
| Health Services   | 32.5          | 31.7         | 2.5               | 547.30        | 518.30                  | 5.6               |  |  |  |
| Engineering & Management  | 37.6          | 38.6         | (2.6)             | 787.34        | 768.53                  | 2.4               |  |  |  |

Upper Peninsula

Michigan Statewide Average

--Unadjusted (comparable to figures shown above)

Source: Michigan Department of Career Development - Employment Service Agency



| MICHIGAN UNEMPLOYMENT RATES                           |      |      |      |      |  |  |  |  |  |  |
|---|------|------|------|------|--|--|--|--|--|--|
| BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS |      |      |      |      |  |  |  |  |  |  |
| (Not Adjusted for Seasonal Variations)                |      |      |      |      |  |  |  |  |  |  |
| Sept. Aug. July Sept.<br>2002 2002 2002 2001          |      |      |      |      |  |  |  |  |  |  |
| Metropolitan Statistical Areas                        |      |      |      |      |  |  |  |  |  |  |
| Ann Arbor   | 3.2% | 3.5% | 4.6% | 3.1% |  |  |  |  |  |  |
| Benton Harbor   | 5.1  | 5.7  | 7.0  | 5.5  |  |  |  |  |  |  |
| Detroit   | 5.6  | 6.0  | 7.5  | 5.1  |  |  |  |  |  |  |
| Flint   | 7.7  | 8.6  | 10.7 | 7.5  |  |  |  |  |  |  |
| Grand Rapids  | 5.8  | 6.2  | 7.5  | 5.3  |  |  |  |  |  |  |
| Jackson   | 5.9  | 6.1  | 7.5  | 5.4  |  |  |  |  |  |  |
| Kalamazoo-Battle Creek                                | 4.6  | 5.2  | 6.2  | 4.7  |  |  |  |  |  |  |
| Lansing-East Lansing                                  | 3.4  | 3.8  | 4.7  | 3.3  |  |  |  |  |  |  |
| Saginaw-Bay City-Midland                              | 5.6  | 6.1  | 7.3  | 5.2  |  |  |  |  |  |  |
| Multi-County Areas                                    |      |      |      |      |  |  |  |  |  |  |
| Northeast Lower Michigan                              | 6.0  | 6.8  | 8.3  | 6.3  |  |  |  |  |  |  |
| Northwest Lower Michigan                              | 5.0  | 5.4  | 6.3  | 5.1  |  |  |  |  |  |  |

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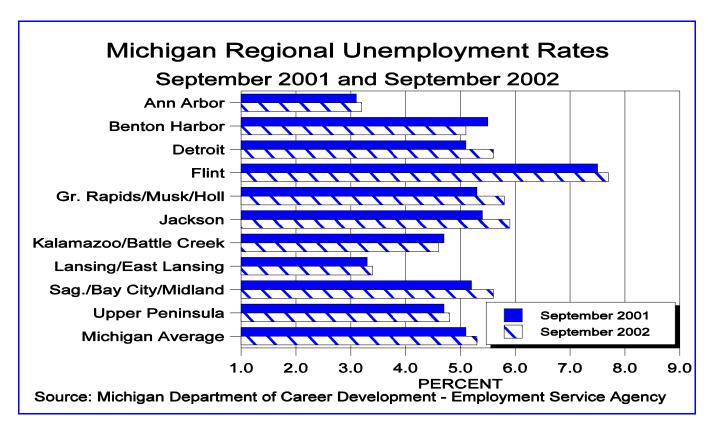
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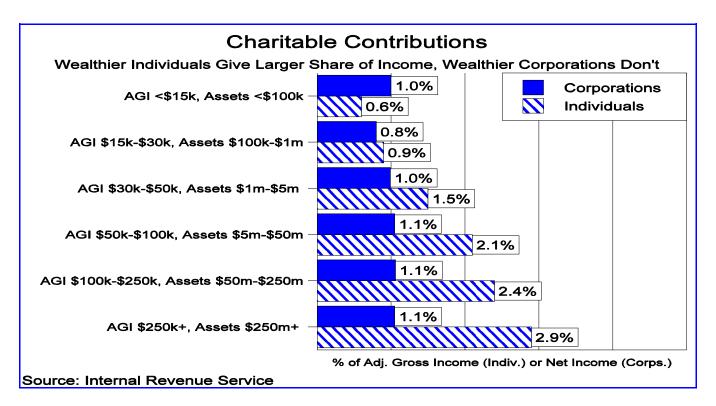
\* Preliminary





| MOTOR VEHICLE SALES AND PRODUCTION STATISTICS     |               |              |                      |              |                   |            |                           |  |  |  |
|---|---------------|--------------|----------------------|--------------|-------------------|------------|---------------------------|--|--|--|
| (Thousands of Units)                              |               |              |                      |              |                   |            |                           |  |  |  |
|   |               |              | Percent Change From: |              |                   |            |                           |  |  |  |
|   | Sept.<br>2002 | Aug.<br>2002 | July<br>2002         | June<br>2002 | Year<br>Ago Sept. | Sept./Aug. | Sept. 2002/<br>Sept. 2001 |  |  |  |
| Motor Vehicle Sales <sup>1,2)</sup>               |               |              |                      |              |                   |            |                           |  |  |  |
| Autos   | 7,911         | 8,725        | 8,803                | 7,969        | 7,825             | (9.3)%     | 1.1%                      |  |  |  |
| Domestics   | 5,528         | 6,552        | 6,521                | 5,742        | 5,814             | (15.6)     | (4.9)                     |  |  |  |
| Imports   | 2,383         | 2,173        | 2,282                | 2,227        | 2,011             | 9.7        | 18.5                      |  |  |  |
| Import Share                                      | 30.1%         | 24.9%        | 25.9%                | 27.9%        | 25.7%             |            |                           |  |  |  |
| Light Trucks                                      | 8,317         | 9,858        | 9,261                | 8,308        | 8,315             | (15.6)     | 0.0                       |  |  |  |
| Domestics   | 7,291         | 8,813        | 8,109                | 7,218        | 7,274             | (17.3)     | 0.2                       |  |  |  |
| Imports   | 1,026         | 1,045        | 1,152                | 1,090        | 1041              | (1.8)      | (1.4)                     |  |  |  |
| Import Share                                      | 12.3%         | 10.6%        | 12.4%                | 13.1%        | 12.5%             |            |                           |  |  |  |
| Heavy Trucks                                      | 441           | 440          | 399                  | 375          | 408               | 0.2        | 8.1                       |  |  |  |
| Total   | 16,669        | 19,023       | 18,463               | 16,652       | 16,548            | (12.4)     | 0.7                       |  |  |  |
| U.S. Motor Vehicle Production <sup>1,2)</sup>     |               |              |                      |              |                   |            |                           |  |  |  |
| Autos   | 4,932         | 5,290        | 5,711                | 5,128        | 4,584             | (6.8)      | 7.6                       |  |  |  |
| Michigan Motor Vehicle Production <sup>2,3)</sup> |               |              |                      |              |                   |            |                           |  |  |  |
| Autos   | 1,581         | 1,704        | 2,838                | 1,658        | 1,403             | (7.2)      | 12.7                      |  |  |  |
| Trucks  | 1,291         | 1,187        | 1,601                | 1,118        | 933               | 8.7        | 38.4                      |  |  |  |
| Total   | 2,872         | 2,892        | 4,439                | 2,776        | 2,336             | (0.7)      | 22.9                      |  |  |  |
| Michigan Production as % of U.S.                  | 23.2%         | 23.5%        | 24.9%                | 23.9%        | 21.7%             |            |                           |  |  |  |
| U.S. Motor Vehicle Inventories <sup>4)</sup>      |               |              |                      |              |                   |            |                           |  |  |  |
| Total Car   | 1,493         | 1,411        | 1,442                | 1,606        | 1,371             | 5.8        | 8.9                       |  |  |  |
| Days Supply                                       | 56            | 47           | 48                   | 51           | 50                | 19.1       | 12.0                      |  |  |  |
| Total Truck                                       | 1,663         | 1,559        | 1,563                | 1,818        | 1,770             | 6.7        | (6.1)                     |  |  |  |
| Days Supply                                       | 51            | 51           | 51                   | 60           | 67                | 0.0        | (23.9)                    |  |  |  |

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates.
3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)





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|--|------------------|------------------|--------------------|-------------|----------------------|-------------|--|
|  |                  | <u></u>          | Actual Data        |             | Percent Change From: |             |  |
| Variable   | Latest<br>Period | Latest<br>Period | Previous<br>Period | Year<br>Ago | Previous<br>Period*  | Year<br>Ago |  |
| Weekly Leading Index, monthly $(1992 = 100)$                     | Sept.            | 118.5            | 119.8              | 115.2       | (1.1)%               | 2.9%        |  |
| <b>Coincident Index</b> <sup>1)</sup> $(1992 = 100)$             | Sept.            | 136.4            | 136.3              | 134.2       | 0.1                  | 1.6         |  |
| Housing Starts, U.S. <sup>2)</sup> (thousands of units, SAAR)    | Sept.            | 1,843            | 1,627              | 1,582       | 13.3                 | 16.5        |  |
| Retail Sales, U.S. <sup>2)</sup> (billions, seasonally adjusted) | Sept.            | \$274.4          | \$277.9            | \$259.5     | (1.2)                | 5.7         |  |
| Industrial Production Index <sup>3)</sup> (1992 = 100)           |                  |                  |                    |             |                      |             |  |
| (seasonally adjusted)  | Sept.            | 140.5            | 140.6              | 138.5       | (0.1)                | 1.5         |  |
| Capacity Utilization <sup>3)</sup>                               |                  |                  |                    |             |                      |             |  |
| (% of total capacity, seasonally adjusted)                       | Sept.            | 75.9             | 76.0               | 75.5        | (0.2)                | 0.5         |  |
| Consumer Price Index 4) (1982-84 = 100)                          |                  |                  |                    |             |                      |             |  |
| U.S. (seasonally adjusted)                                       | Sept.            | 180.8            | 180.5              | 178.1       | 2.0                  | 1.5         |  |
| Detroit (not seasonally adjusted)                                | Aug.             | 180.9            | 179.0              | 175.1       | 6.5                  | 3.3         |  |
| Interest Rates   |                  |                  |                    |             |                      |             |  |
| 3-month Treasury Bill <sup>3)</sup>                              | Sept.            | 1.63%            | 1.63%              | 2.87%       |                      |             |  |
| Corporate Aaa Bonds <sup>3)</sup>                                | Sept.            | 6.15%            | 6.37%              | 7.17%       |                      |             |  |
| Real Gross Domestic Product <sup>5)</sup>                        | 2002             |                  |                    |             |                      |             |  |
| (billions of 1996 \$, SAAR, chain-weighted)                      | 2nd Qtr.         | \$9,392.4        | \$9,363.2          | \$9,193.1   | 1.3                  | 2.2         |  |
| Michigan Tax Collections <sup>6)</sup>                           | Sept. 2002       | \$1,799.2        | \$1,472.9          | \$1,677.0   | NM                   | 3.6         |  |
| (12 major taxes, millions)                                       |                  |                  |                    |             |                      |             |  |

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

